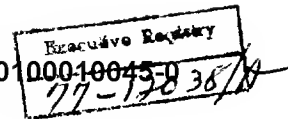


The Director of Central Intelligence

Washington, D. C. 20505

Approved For Release 2004/08/30 : CIA-RDP80M00772A000100010045-0



6 January 1978

DCI/IC 77-7031

MEMORANDUM FOR: Director, National Security Agency/
Chief, Central Security Service

SUBJECT: ZBB Decision Units

REFERENCE: Your Memorandum to the DCI dated
9 December 1977 (Serial N-1394)

1. Thank you for your proposal on the target-oriented decision units. Your suggestion will assist me in continuing to move toward a more rational and coherent approach to budgetary decisions.

2. Last summer, during our development of the current decision units, we attempted to develop a target-oriented approach. We were forced to abandon that method because there appeared to be no generally applicable way to crosswalk from target-oriented decisions to the allocation of resources for systems, i.e., to those categories in which the money is actually spent. The difficulty of pro-rating, which a target-oriented decision process entails, will continue to increase as we develop systems which optimize inter-operability and a wide range of applications.

3. Although we have not yet found a satisfactory way to implement a target-oriented approach, we consider target coverage a useful analytical tool in the assessment of our resource allocations. Our efforts to pursue this approach in the FY 1979 Budget were inhibited by incomplete data on other programs. We are looking at possible improvements for the FY 1980 cycle. To assist us in this effort, we are letting a contract with the Rand Corporation to analyze our decision unit structure and our ZBB process. That effort could reveal some possible means of using the target approach, but will not be available until late in the program development cycle.

SUBJECT: ZBB Decision Units

4. Based on our past analysis of the target-oriented decision unit approach, I believe it would be inadvisable to markedly alter the decision unit structure. For the near term, therefore, I have decided to retain the current structure, with minor modifications which we will be discussing with your staff in the near future. However, there is an immediate applicability of target-oriented data which would greatly assist in the budgetary process. In your Congressional justification for the activities and systems of each decision unit, target data should be used extensively to describe outputs and benefits.

5. Your proposal will provide a helpful contribution to our continuing evaluation of the ZBB structure and process, and I invite your participation in that effort.



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